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Anguilla

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I. General

1. Anguilla[1] lies 240 kilometres east of Puerto Rico, 113 kilometres north-west of Saint Kitts and Nevis and 8 kilometres north of St. Maarten/Saint Martin. The Territory has a total land mass of 96 square kilometres and includes several offshore islets. The main island has a maximum length of 26 kilometres and a maximum width of 5 kilometres. The capital of Anguilla is The Valley.

2. According to information received from the administering Power, the population of Anguilla is approximately 11,915.[2]

II. Constitutional and political developments

A. Constitution

3. Anguilla was colonized by British and Irish settlers in 1650. Between 1958 and 1962, Anguilla was administered as a single federation with St. Kitts and Nevis; however, the Territory sought separation in the 1960s and came under direct administration by the United Kingdom in the 1970s. The Territory became a separate United Kingdom Dependent Territory (now, Overseas Territory) in 1980.[2]

4. The Government of Anguilla consists of a Governor, an Executive Council and a House of Assembly. The Governor, who is appointed by the Queen, is responsible for defence, external affairs, internal security, including the police, and the public service. He also holds reserved legislative powers under the authority of the Secretary of State for Foreign and Commonwealth Affairs of the United Kingdom. On all other matters, the Governor is required to consult with, and act on the advice of, the Executive Council.[3]

5. The law of Anguilla is the common law of the United Kingdom, together with all legislation inherited from the former Associated State of St. Kitts-Nevis-Anguilla up to August 1971 and the local legislation enacted since that date. The law is administered by the Eastern Caribbean Supreme Court, which comprises a Court of Appeal and a High Court of Justice, courts of summary jurisdiction and magistrate courts.

6. In March 1999, the Government of the United Kingdom issued a White Paper on the relationship between the United Kingdom and its Overseas Territories, entitled "Partnership for Progress and Prosperity: Britain and the Overseas Territories". The text of the White Paper is set out in the annex to document A/AC.109/1999/1; key recommendations can be found in paragraph 52 below.

B. Political parties and elections

7. The general elections in March 1999 resulted in the re-election of a coalition Government headed by the Anguilla United Party and the Anguilla Democratic Party with voter participation reported at 73 per cent.[4] Other political parties active in Anguilla are the Anguilla National Alliance and the Anguillans for Good Government. The next national election is due by March 2004.

C. Civil service

8. With funding from the administering Power, the territorial Government has undertaken a review and redesign of the public sector during the past three years. To date, the Public Sector Development Project has accomplished the following:

(a) A job evaluation, rating and grading exercise was completed, leading to increases in salaries;

(b) A performance management system was developed and was implemented in January 1999;

(c) An organization rationalization exercise was completed and a report and recommendations submitted;

(d) A strategic model of the public service was undertaken and the use of the strategic modelling methodology was effected by the public service;

(e) Functional and efficiency reviews and recommendations for corporatization, outsourcing and privatization of non-core functions of ministries and departments were or will be undertaken.

9. In 1999, the territorial Government will continue to stress the outsourcing and privatization of non-core services and the training needs of the public service.

10. According to the 1999 budget presentation, expenditures by the central Government contributed approximately 13.8 per cent of Anguilla's gross domestic product (GDP) in 1998, a decrease from 14.42 per cent in 1997.

III. Economic conditions

A. General

11. Over the past 10 years, Anguilla's economy has grown every year (with the exception of 1995 and 1996, when the economy was adversely affected by hurricane "Luis"). In 1989, GDP was approximately EC$ 135 million and in 1998, approximately EC$ 245 million.[5]

12. As the Minister of Finance noted in the 1999 budget address, however, "the pursuit of Anguilla's development has been and will continue to be conditioned fundamentally by the extreme smallness and extreme openness of our economy, as well as by our dependent territory constitutional status. These contextual conditions play a key role in determining the nature and scope of the opportunities for development that come our way, as well as the range of strategic options available to us."[6]

13. In order to take advantage of these opportunities, the territorial Government intends to emphasize "integrating into the global economy", in particular, by focusing on marketing tourism and offshore financial services to the world market and also on diversifying the revenue base.

14. The economy of Anguilla is expected to grow at a rate of around 4 per cent.[7]

B. Public finance

15. On average, government revenue grew by 11 per cent annually between 1994 and 1997, increasing from EC$ 37.45 million in 1994 to EC$ 55.17 million in 1997. Government revenues for 1998 were projected to be EC$ 57.8 million; however, the trans-shipment of products from third countries to the European Union provided an unexpected and significant source of revenue (approximately EC$ 14.2 million in 1998), and therefore actual government revenues were EC$ 66.7 million by the end of November 1998.

16. According to press reports, the economics of trans-shipment are as follows: cargo ships from third countries receive a small incentive payment to moor off Anguilla; these ships pay an import duty on the cargo, at a valuation that excludes onward shipping costs. When the cargo reaches Europe, no duty is levied because technically the goods have been transported from a United Kingdom Overseas Territory.[8] Trans-shipments were halted in November 1998 as a result of concerns on the part of the administering Power about the practice; however, after talks between the territorial Government and the United Kingdom, trans-shipments were resumed in February 1999.

17. The Eastern Caribbean Central Bank suggested that the Government of Anguilla treat this income as windfall revenue.[8] Thus, in the 1999 budget, the territorial Government earmarked the revenue for priority public sector investment, rather than for recurrent expenditures. The territorial Government intends to pursue this source of revenue and expects "to generate a much larger intake of revenue from this source in 1999 than was achieved in 1998. The capital investment programme will depend on this, particularly in the face of declining development aid grants from traditional donor partners."[6]

18. For 1998, recurrent revenues were estimated to be EC$ 57.8 million and recurrent expenditures to be EC$ 55.02 million, providing an excess of recurrent revenues over expenditure of EC$ 2.79 million. For 1999, recurrent revenues (not including European Union trans-shipments) are expected to be EC$ 63.47 million and recurrent expenditures to be EC$ 63.1 million. As noted above, the domestic contribution towards capital expenditure is expected to be provided by trans-shipment revenues; however, as in previous years, capital expenditure is expected to be financed largely by external grants.

19. According to the above-mentioned White Paper, total government revenue for 1998 was EC$ 72.3 million, with expenditure at EC$ 71.0 million and GDP growth projected at 7.1 per cent. Major revenue areas continue to be import duties and accommodation taxes.

C. Agriculture and fisheries

20. Agricultural activity in Anguilla is extremely limited by a combination of factors, including poor soil, the small amount of arable land and irregular rainfall. Notwithstanding the prevailing dry conditions and the unpredictable rainfall patterns existing in Anguilla, agriculture continues to play an important part in the livelihood of the local people (see A/AC.109/2016, paras. 14 and 15).

21. Recent agricultural initiatives include the expansion of the drip irrigation system, promotion of commercial fruit production, horticultural development and backyard gardening. Other activities have centred around the commercial development of poultry farming, rabbit production and bee-keeping. New techniques in livestock production and fodder conservation are being developed.[10]

22. Fishing is one of the most important economic activities in Anguilla, producing between 300 and 500 tons of fish, lobster and crayfish annually, some of which is exported to neighbouring islands. The Longline Fisheries Development Project, funded in part by the administering Power, is intended to improve Anguilla's fishing industry while relieving pressure on inshore fish stocks.

D. Industrial development

23. In 1997, discussions were initiated with Beal Aerospace Inc., of the United States of America concerning the construction of satellite launch pads on Sombrero Island, 30 miles north-west of Anguilla. The company plans to launch rockets with commercial satellites. According to the 1999 budget presentation by the Minister of Finance, the project "has the potential to spin off very considerable business activity, employment and income for our people and revenue for the Government. In the process it would not only bring greater balance to our economy but also thrust us in the forefront of high technology commercial business".[6]

24. In order to address environmental concerns and regulatory requirements, Beal Aerospace commissioned an environmental impact assessment for Sombrero Island and the surrounding waters. According to Beal, its operations will have little or no impact on the environment. The study has been completed and submitted to the Government of Anguilla and the administering Power for consideration.[11]

E. Transport, communications and other basic facilities

25. The Territory is served by a network of nearly 100 kilometres of all-purpose roads, two major seaports and an airport. In recent years, several major capital improvement projects were completed and others were reported in progress. One such project is the construction of a new jetty at Island Harbour.[2]

F. Construction

26. The construction sector is the second largest contributor to GDP after tourism; it is expected to account for 15.09 per cent of GDP in 1998. Output in this sector depends heavily upon and is derived from demand in the other sectors of the economy and is therefore an excellent barometer of the level of new investment taking place in the economy.

27. To mitigate variability in this sector, the territorial Government will "monitor the pace of development to ensure that it is in line with the availability of local labour without any need to resort to large-scale importation of workers. This will help to achieve stable growth and reduce the tendency towards business cycles in the construction sector".[6]

G. Financial services

28. Anguilla is a zero-tax jurisdiction promoted for offshore banking and, as a United Kingdom Overseas Territory, politically stable. The territorial Government has developed a comprehensive package of corporation and offshore financial business legislation, including the Companies Ordinance, the Limited Liability Companies Ordinance and the International Business Companies Ordinance. Costs for the formation and licensing of companies in Anguilla are competitive, as are company management fees. Among the incentives that apply to the establishment of offshore banks and trusts are that there are no exchange controls or restrictions on transfers of security and earnings may be retained offshore and repatriated freely. In the 1999 budget presentation, the Minister of Finance discussed the future of the financial services sector:

> "The demand for offshore financial services is extremely large, strong and diverse. For this reason no efforts by advanced countries to prevent the growth of the industry will succeed. Despite the problem of money laundering, especially of money obtained from drug trafficking, international financial services continue to be an essentially clean and highly legitimate industry with a long history, on which a number of countries have depended for substantial revenues, incomes and employment. The industry will see an even more remarkable period of development over the next few years as entrepreneurs worldwide develop appropriate business structures and operations to take advantage of the massive potential for trade and commerce over the Internet."[6]

29. The administering Power is supporting the development of the financial services sector through the provision of a Director of Financial Services and the development of a computerized on-line registration network.[2] Anguilla's Commercial On-line Registration Network, which allows on-line registration of companies

24 hours a day, is expected to provide substantial returns over the medium term on the EC$ 3.4 million investment.[6]

30. In 1998, revenues from the financial services sector were approximately EC$ 1.7 million; the territorial Government anticipates that, with a vigorous marketing plan in place, revenues will have more than doubled, to EC$ 5 million, by 2001.

H. Environment

31. According to information received from the administering Power, Anguilla has one of the most important largely unbroken coral reefs in the Eastern Caribbean. Its coastal and marine biodiversity (including fish, seabirds and marine turtles) is the island's most important natural asset.

32. There are a number of large-scale environmental conservation projects ongoing in Anguilla. For example, the United Kingdom's Darwin Initiative, which is intended to utilize the United Kingdom's scientific, educational and technical strengths in the conservation and sustainable use of the world's species, is funding a project to conserve wild seabirds in Anguilla. The Department of Fisheries and Marine Resources, in partnership with the Planning Department and the Anguilla National Trust, has launched a sand dune rehabilitation pilot project in an effort to help rehabilitate the dunes and raise public awareness of the importance of these natural features. This project is being funded by the United States Agency for International Development (USAID) through the United Nations Environment Programme and is being administered by the Organization of Eastern Caribbean States.[12]

I. Tourism

33. The Government of Anguilla has increased its efforts to promote tourism and to diversify Anguilla's tourism product, which is proving a worthwhile investment. The Tourist Board has taken over administrative and financial responsibility for the tourism sector, contributing significantly to Anguilla's marketing efforts through increased mobilization of resources to finance promotional activities, and the implementation of a tourism strategic marketing plan developed under the European Union-financed Caribbean Tourism Development Programme, as well as a United Kingdom-funded Tourism Promotion and Development Project.[13]

34. Tourist arrivals totalled 43,181 in 1997, a 15.1 per cent increase over the 37,498 in 1996, the most significant increase being in the winter months, which showed a 25.7 per cent increase over the same period in 1996. The number of stop-over tourist arrivals in 1998 was 1.6 per cent higher than in 1997, although fourth-quarter 1998 results were 6.3 per cent lower than for the same period in 1997.

35. Tourism accounts for the largest portion of GDP, both directly and indirectly, through links with the construction, agriculture, fishing, banking and finance, communications and trade sectors. The direct contribution from tourism (as measured by revenue generated by hotels and restaurants) in 1998 is estimated to have been 31.24 per cent, down from 31.43 per cent in 1997. As one of the territorial Government's stated objectives is to lessen the dependence of the Anguillan economy on tourism, "this decline in tourism's percentage share of GDP should not be seen simply as a negative development. It may be pointing to a general reduction in dependence on tourism and increasing diversification and balancing of the economy across sectors."[6]

J. Country policy plan

36. In August 1993, Anguilla signed with the United Kingdom the first country policy plan covering the period from 1993/94 to 1996/97. The plan was the first to be agreed upon between the administering Power and a Caribbean dependent Territory. It outlined the commitment of both the Government of Anguilla and the United Kingdom to a new and closer policy of dialogue and partnership

37. The development strategy for Anguilla's future will be discussed in the context of the next country policy plan, which will be negotiated in 1999. This will be directed at Anguilla's graduation from United Kingdom capital assistance by financial year 2001/02 with continued support for sound economic and financial management and good government.

38. The administering Power has stated that the main aim of its development assistance programme to Anguilla is to support economic growth and self-sufficiency through sensible economic and financial management and, in the meantime, to help to ensure that basic needs are met, including the provision of essential infrastructure in the education sector.

IV. Social conditions

A. General

39. Based on its social indicators, Anguilla compares favourably with countries of the region within the human development index. The child mortality rate is low, life expectancy is 75 years, adult literacy is 95 per cent and unemployment is negligible. Approximately 25 per cent of the 4,000 indigenous workers are employed in tourism, 16 per cent in the civil service and 10 per cent in part-time agriculture; 5 per cent are on income support. The remaining 44 per cent are engaged in private sector activities, including micro-enterprises.

40. Allowances to needy senior citizens and grants to financially disadvantaged children have been significantly increased on several occasions over the past five years. In 1999, the territorial Government expects to continue this trend.

B. Disaster preparedness and prevention

41. Anguilla is a member of the Caribbean Disaster Emergency Response Agency (CDERA). At the end of last year, the European Community Humanitarian Office agreed to finance a 450,000 ecu project presented by CDERA in order to consolidate disaster preparedness interventions on a regional basis; participation in this project should enhance Anguilla's ability to deal with natural disasters and other emergencies.[14] In addition, Anguilla benefits from the activities of the Caribbean Disaster Mitigation Project, which is a joint project of the Organization of American States and UNAID.

C. Public health

42. The Government remains committed to providing primary health care for all Anguillans by the year 2000. The Territory is served by the 24-bed Cottage Hospital and the Princess Alexandra Hospital, a 36-bed facility financed by the United Kingdom.

43. A newly established laboratory will be used to improve the monitoring and testing of water and wastewater in Anguilla. A United Kingdom Technical Cooperation Office is attached to the health department to assist the local staff in developing the laboratory with the goal of making it fully operational over the next two years.

44. In 1999, the Government will continue to focus on issues such as financing health care, managing and operating the health-care system, and improving customer service in the sector.

D. Public education

45. Education is free and compulsory between the ages of 5 and 14. There are six government primary schools and one government secondary school, the Albena Lake-Hodge Comprehensive. As part of the Government's policy to enable Anguilla to meet both its present and future needs, the problem of overcrowding is being addressed by the construction of another campus, as well as the implementation of curriculum reforms.

46. According to the 1999 budget, education will receive the largest increase in recurrent expenditure, from EC$ 8.35 million in 1998 to EC$ 10.37 million in 1999. A major review of the system was undertaken over the past year and a draft five-year education sector development plan prepared. Implementation of the plan will begin in 1999. It will focus on physical and environmental improvements, curriculum development, expansion of special education, increased support for early childhood education, rationalization of pre-vocational education, expansion of computer skills education, management development and professional development of principals and teachers. This project is being financed by the Government of the United Kingdom in the amount of £2.72 million, together with counterpart funding by the Government of Anguilla.

E. Human rights

47. The Territory is subject to certain major human rights conventions that were acceded to by the administering Power. These include the International Convention on the Elimination of All Forms of Racial Discrimination and the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment.

48. In a report submitted to the United Nations Committee against Torture under article 19 of the Convention on 1 April 1998, the administering Power made the following statements with respect to Anguilla:

> "169. The Government of Anguilla continues at all times to seek to ensure that the requirements of the Convention are scrupulously observed.
>
> ...

"174. With reference to the question of judicial corporal punishment, it can be reported that a bill has been introduced in the Anguilla House of Assembly to abolish the power to order such punishment and also corporal punishment for prison offences ...

"175. The Education Ordinance 1993 — and there are no present plans to amend it in this respect — still provides for the administering of corporal punishment in schools but only 'where no other punishment is considered suitable or effective, and only by the Principal, Deputy Principal or any teacher appointed by the Principal for that purpose, in a manner which is in conformity with the guidelines issued in writing by the Chief Education Officer'. The Ordinance expressly provides that 'in the enforcement of discipline in public schools and assisted private schools degrading or injurious punishment shall not be administered'."[15]

49. Human rights issues in the Overseas Territories were addressed by the administering Power in the above-mentioned White Paper (see para. 6 above). With respect to the possibility of introducing reform of current legislation banning homosexual acts, the Chief Minister of Anguilla has expressed his opposition to initiating a bill to such effect in the Anguilla House of Assembly.[16]

V. Participation in international organizations

50. The Government of Anguilla cooperates directly with other Caribbean Governments and participates in regional conferences and projects organized by Governments and regional and international organizations and agencies. The Territory is a member of the Caribbean Development Bank, the University of the West Indies and the Eastern Caribbean Central Bank, and holds observer status in the Organization of Eastern Caribbean States. The Territory is represented at the annual meetings of the Caribbean Group for Cooperation in Economic Development, sponsored by the World Bank.

VI. Future status of the Territory

A. Position of the territorial Government

51. According to press reports, the Chief Minister of Anguilla has stated that the current constitutional status of Anguilla does not provide adequate self-governance for the island; a more advanced constitutional status such as that of Bermuda would be more appropriate (see A/AC.109/1999/3).[17]

B. Position of the administering Power

52. Key recommendations of the administering Power contained in the White Paper (see para. 6 above) are noted below:

(a) In future the Territories would be known as the United Kingdom Overseas Territories, in short Overseas Territories;

(b) British citizenship (and so the right of abode) would be offered to those people of the Overseas Territories who did not already enjoy it and who met certain conditions;

(c) Those who did not want to take it up would be able to remain British Dependent Territories citizens;

(d) British Overseas Citizens would not be included in this offer, nor would it apply to people who owed their British Dependent Territories citizenship to links with the British Indian Ocean Territory or the Sovereign Bases on Cyprus;

(e) The offer of citizenship would be on a non-reciprocal basis (as far as the right of abode is concerned). No conditional links have been made between the offer and other obligations set out in the White Paper;

(f) Administrative and representational arrangements would include:

(i) The establishment of parallel Overseas Territories structures in the Foreign and Commonwealth Office and the Department for International Development;

(ii) The appointment of Baroness Symons as Minister with responsibility for the Overseas Territories;

(iii) The creation of an Overseas Territories Consultative Council to bring together British Ministers and the Chief Ministers of the Overseas Territories or their equivalents;

(iv) The designation of a First Secretary in the office of the Permanent Representative of the United Kingdom to the European Union as the point of contact for the Overseas Territories with the European Union;

(g) In terms of good governance, provision would be made for:

(i) Improved regulation of the financial service industries in the Overseas Territories to meet internationally acceptable standards, and to combat financial crime and regulatory abuse;

(ii) Measures to promote greater cooperation with international regulators and law enforcers so as to share information and improve worldwide financial regulation;

(iii) Enhanced measure to combat drug trafficking and drug-related crime;

(iv) Reform of local legislation in some Territories to comply with the same standards of human rights as those existing in the United Kingdom with regard to capital punishment and consensual homosexual acts. If local action is not taken Her Majesty's Government would enforce the necessary changes;

(h) Measures for sustainable development would include:

(i) Partnership between Her Majesty's Government and the Overseas Territories to promote economic growth and self-sufficiency;

(ii) Confirmation that the reasonable assistance needs of the Overseas Territories would be a priority in the development programme;

(iii) Continued budgetary aid for Montserrat and St. Helena;

(iv) Strengthened procedures and guidelines on borrowing by the Overseas Territories;

(v) Enhanced policies, legislation and standards for the protection and management of the rich natural environment of the Territories;

(vi) Increased funds (£1.5 million over three years) to assist in creating and implementing environmental programmes;

(vii) Agreement of an environmental charter between the United Kingdom and the Overseas Territories;

(viii) Technical support, training and cooperative schemes to build local capacity to manage and monitor the environment.

C. Consideration by the General Assembly

53. On 3 December 1998, the General Assembly adopted resolution 53/67 B, a consolidated resolution on 11 Non-Self-Governing Territories, section II of which is specifically devoted to Anguilla.

Notes

[1] The information contained in the present paper has been derived from published reports and from information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 *e* of the Charter of the United Nations on 19 April 1999. The facts and figures presented in the working paper are the latest information available.

[2] United Kingdom White Paper entitled "Partnership for Progress and Prosperity", appendix 1, March 1999.

[3] See report of the 1984 Visiting Mission, A/AC.109/799, paras. 19–27.

[4] "Overseas Territories Review", Caribbean Information Services, April 1999.

[5] The Eastern Caribbean dollar (EC$), is used in Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, Saint Kitts and Nevis, Saint Lucia and Saint Vincent; it currently trades at approximately EC$ 2.70 to US$ 1.00.

[6] Government of Anguilla 1999 Budget.

[7] The Economist Intelligence Unit, EIU Views Wire, 16 February 1999, report.

[8] The Economist Intelligence Unit, EIU Views Wire, 16 February 1999; *The Light*, No. 279.

[9] *The Light* (Anguilla), No. 279.

[10] 1998 Caribbean Basin Profile, Anguilla, p. 2.

[11] "Environmental Update, February 1999", Beal Aerospace, Inc., Web site, www.bealaerospace.com.

[12] M2 Communications, 11 March 1999; and Anguilla National Trust Web site, web.ai/ant.

[13] 1998 Caribbean Basin Profile, Anguilla, p. 3.

[14] *The Light* (Anguilla), No. 292; and CDERA Web site, www.cdera.org.

[15] CAT/C/44/Add.1.

[16] *The Light* (Anguilla), No. 289.

[17] *Caribbean Insight*, June 1998.